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April 17, 2001

BY HAND

Magalie Roman Salas, Secretary
Federal Communications Commission
445 Twelfth Street, SW
Room TW-A325
Washington, D.C. 20554

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APR 17 2001

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Re: *Ex Parte Presentation*
In the Matter of Provision of Directory Listing Information Under the
Telecommunications Act of 1934, As Amended, CC Docket No. 99-273

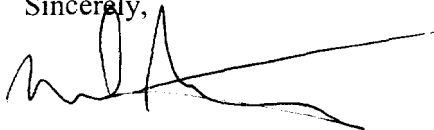
Dear Ms. Salas:

On April 16, 2001, Peter Meyer, CEO of Telegate, Inc. and Ruth Milkman of Lawler, Metzger & Milkman, LLC, met with Kyle Dixon, Legal Advisor to Chairman Powell, to discuss the above-referenced proceeding.

During the meeting, Mr. Meyer explained the benefits that would accrue from increased competition in the retail market for directory assistance services. A copy of the presentation used during the meeting is included with this submission.

Pursuant to section 1.1206(b)(1) of the Commission's rules, 47 C.F.R. §1.1206(b)(1), an original and one copy of this letter are being provided to you for inclusion in the public record of the above-referenced proceeding.

Sincerely,



Gil M. Strobel

Enclosure

cc: Kyle Dixon

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List A B C D E



Directory Assistance Services: Promoting Competition in the Retail Market

**Presentation by Telegate, Inc.
April 16, 2001**

Overview

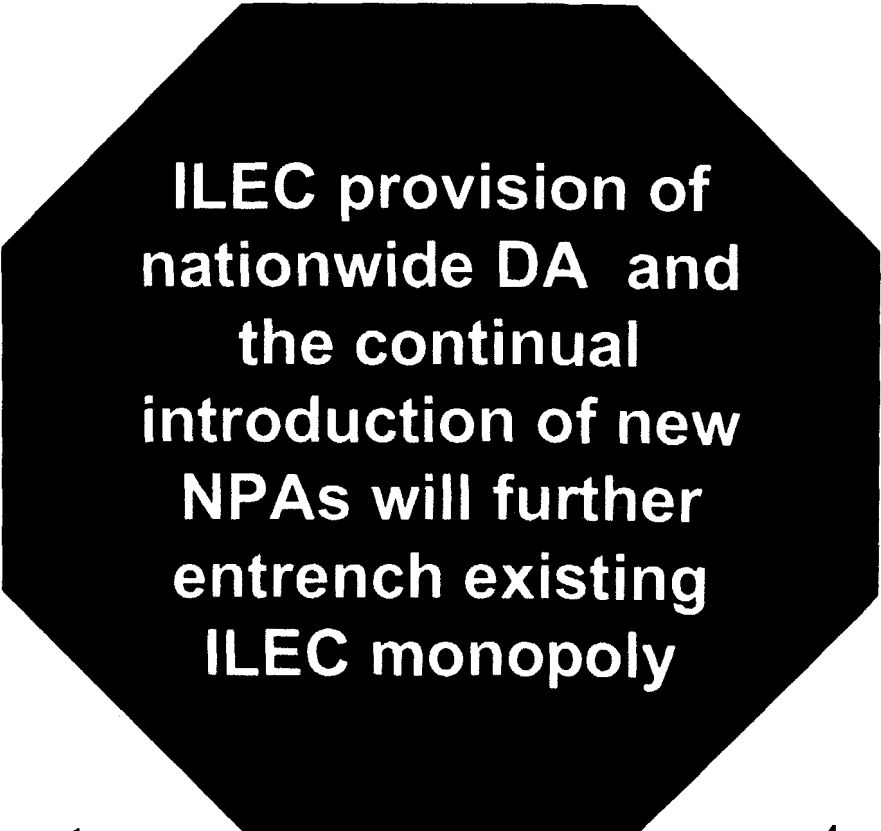
- Who is Telegate?
- Overview of the Retail Market
- Benefits of Competition
 - 411 Presubscription
 - Uniform Dialing Codes

About Telegate Inc.

- **Subsidiary of Telegate AG**
 - Competitive provider of DA in Germany
 - Acquired 22% of the market in just 3 years.
- **Entry into US Market:**
 - May 2000: Acquired CFW's DA operations
 - Outsourcer to AT&T and others
 - Building 2 call centers to provide Spanish language DA

ILEC Monopoly Control over 411 DA Has Led to Predictable Harms

- Inaccurate Information
 - Accuracy rates of 80% at best
 - Results in misbillings of at least \$400M per year to customers
- Poor Service Quality
- Reduced Innovation
- Unserved Communities
(e.g. Spanish speakers)



ILEC provision of nationwide DA and the continual introduction of new NPAs will further entrench existing ILEC monopoly

Consumers Would Reap Many Benefits From Increased Competition in DA Services

- **Better service** – Competition will create pressure for DA providers to improve accuracy and response times
- **More innovation** – New entrants are likely to introduce new value-added services, such as call completion, locator services, concierge services, etc.
- **Increased focus on underserved markets** – New competitors may focus on niche opportunities such as language-specific DA
 - While the ILECs provide limited language-specific services, surveys indicate that Spanish speaking consumers do not believe that these services are adequate to meet their needs

Competition will also fuel further growth in an already sizeable market

- Analysts estimate the value of the DA market in the U.S. today to be \$3-5 billion
 - The greater accuracy, improved reliability and innovative services that competition will foster will promote increased demand for DA services
- Increased competition from new providers using innovative approaches and targeting under-served markets will help states achieve their goals of providing consumers with high-quality DA services at reasonable prices

Two Approaches Likely To Create a Competitive Market for DA services are 411 Presubscription and Uniform Codes

- Presubscription allows a customer to reach a pre-selected DA provider of its choice by dialing 411
- Uniform codes allow customers to dial a unique number (*e.g.*, 555-XXXX) to reach the DA provider of their choice
- The Commission should ask for comments on both approaches to promoting competition for DA services

Benefits of 411 Presubscription

- **411 is the universally recognized dialing code for directory assistance**
 - The FCC has recognized value of 411 to consumers
 - Despite visible, expensive marketing campaigns, dial-around DA services have been unable to successfully compete with ILEC 411 DA
- **Experience in the long distance market shows that presubscription is an effective means of promoting competition**

Benefits of Uniform Codes

- **Maximizes consumer control by enabling customers to choose a different DA provider for each call**
- **Allows customers to reach their preferred DA provider without requiring presubscription or dial-around services**
- **Reduces the competitive advantages enjoyed by incumbent providers by requiring all DA providers to adopt new numbers**
- **Frees up scarce numbering resources**
 - The 411 abbreviated dialing code is particularly valuable, because all other N11 codes are currently in widespread use